

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 COME-00 SPC-03 PER-05 SS-20 A-01

ABF-01 IO-14 RSC-01 DRC-01 /068 W

----- 051505

R 181616Z DEC 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8588

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION

REF: STATE 239800

1. THE INDUSTRY/MARKET TARGETING APPROACH TO EXPORT PROMOTION RECENTLY ADOPTED BY THE COMMERCE DEPARTMENT HAS MY UNQUALIFIED SUPPORT. MY COMMERCIAL OFFICERS TELL ME THAT IN THE CASE OF INDIA IT CAN PRODUCE, AND HAS PRODUCED TANGIBLE, MEASURABLE RESULTS. THE VARIOUS TRADE PROMOTIONAL TOOLS DESIGNED TO FOLLOW UP ON OPPORTUNITIES DEVELOPED DURING THE TARGETING PHASE HAVE, WITH THE POSSIBLE EXCEPTION OF THE CATALOG SHOW, WORKED WELL HERE.

2. THERE IS A LIMIT, HOWEVER, TO HOW MUCH THE FOREIGN SERVICE OR ANY OTHER AGENCY FOR THAT MATTER CAN ACHIEVE IN THE WAY OF INCREASED EXPORTS TO THE DEVELOPING WORLD IN THE ABSENCE OF A GOVERNMENT PROGRAM OF CONCESSIONAL EXPORT FINANCING. IN A FOREIGN EXCHANGE SHORT COUNTRY, SUCH AS INDIA, THE PHILOSOPHY HAS BEEN, "IF WE HAVE TO PAY FOR IT NOW, FORGET IT." THIS PHILOSOPHY IS REFLECTED IN GOI IMPORT PRIORITIES. AID COMMODITY LENDING FIT IN WITH THESE PRIORITIES IN THE PAST. THE SHARP DROP IN OUR TOTAL EXPORTS TO INDIA BETWEEN 1971 AND THE PRESENT DEMONSTRATES THE STRONG FUNCTIONAL RELATIONSHIP BETWEEN OUR

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SOFT NON-PROJECT LOAN PROGRAM AND US EXPORT SALES.

3. OUR COMPETITION, MOST NOTABLY THE CANADIANS, GERMANS AND
BRITISH, DO NOT BLUSH WHEN THEY CHARACTERIZE THEIR ACTIVITIES
AS MORE IN THE AREA OF EXPORT SUBSIDY THAN DEVELOPMENT ASSISTANCE.
MANY A US BUSINESSMAN HAS COMPLAINED TO ME THAT THE US GOVERNMENT
IS SLOW OFF THE MARK IN HELPING MEET FOREIGN FINANCING COMPETITION.
I WAS PLEASED WHEN CONGRESS TOOK THE INITIATIVE THIS SPRING AND
ADDED A SOFT EXPORT FINANCING FACILITY TO THE AID LEGISLATION.
I WAS TERRIBLY DISAPPOINTED WHEN THE EXPORT FUND WAS LATER
DELETED FROM THE AID BILL BY BOTH HOUSES. I THINK A CONSIDERABLE
EFFORT SHOULD BE MADE IN COMING MONTHS TO RESURRECT THIS
PROPOSAL IN A FORM WHICH IS ACCEPTABLE TO CONGRESS.
MOYNIHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN MARKETS, COMMERCE & INDUSTRY, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NEWDE14905
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731218/aaaaanie.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 239800
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 20 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Dec-2001 by shawdg>; APPROVED <11-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION
TAGS: ETRD, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005